

PLANNING CONSIDERATIONS FOR MULTI-LEVEL INDUSTRIAL DEVELOPMENT IN VANCOUVER

By Eric Aderneck

SUMMARY

Industrial development trends are driving new opportunities for densification while challenging traditional planning regulations. In Metro Vancouver, the unique experiences and lessons of the Mount Pleasant district demonstrate that it is possible to generate more industrial space through multi-level buildings if the right regulations and market conditions exist. While some industrial sectors will continue to be land-intensive, multi-level buildings can provide more industrial floor space. A primary policy consideration is how regulations should permit various types of industrial business models, without allowing too wide a range of employment and commercial uses.

SOMMAIRE

Les tendances du développement industriel offrent de nouvelles possibilités de densification tout en remettant en question les réglementations traditionnelles en matière de planification. Dans la région métropolitaine de Vancouver, les expériences et les leçons uniques du quartier de Mount Pleasant démontrent qu'il est possible de générer plus d'espace industriel grâce à des bâtiments à plusieurs niveaux si les bonnes réglementations sont présentes et si les conditions du marché sont favorables. Alors que certains secteurs industriels continueront à utiliser beaucoup de terrain, les bâtiments à plusieurs niveaux peuvent fournir davantage d'espace industriel. L'une des principales considérations politiques est de savoir comment la réglementation devrait permettre différents types de modèles d'entreprises industrielles, sans pour autant autoriser un trop large éventail d'emplois et d'utilisations commerciales.

INTRODUCTION

Industrial development trends are driving new opportunities for densification while challenging traditional planning regulations.

As a crucial part of the economy, 'industrial' represents a wide spectrum of uses and intensities, which may not neatly fit within conventional definitions of 'heavy' or 'light.' Today, industry is a term that can include everything from large transportation and distribution to manufacturing and processing. It can be small local-serving producers and suppliers as well as new sectors like advanced technology, on-demand manufacturing, media/design, and e-commerce. Different types of industries need different types of spaces.

With no more industrial land being created in Metro Vancouver, the area known as Mount Pleasant demonstrates that it is possible to generate more industrial space through multi-level buildings, if the right regulations and market conditions exist.

VANCOUVER PROFILE

The Vancouver region is experiencing a severe shortage of industrial land, manifested in high prices and low vacancy rates. In response, in 2020, Metro Vancouver, the regional government authority, approved a new Regional Industrial Lands Strategy,¹ which encourages industrial densification along with industrial lands protection.

Most of the new forms of industrial densification, in combination with non-industrial uses, have been focused in the City of Vancouver. Specifically, Mount Pleasant, has been a traditional industrial area since the 1940s, with a focus on production, distribution, and repair activities.² Located close to the central business district, transit and amenities, the unique 40-acre district has been identified as an innovative cluster for economic



HOUSS project on West 6th Avenue (by Conwest).

development and is evolving into a technology hub. Coinciding with zoning updates, Mount Pleasant has been undergoing rapid change, with an influx of various 'creative economy' firms, such as digital content creators and software designers.

THE COSTS OF BUILDING UP

In adherence to the updated zoning regulations, the area has seen new forms of mixed-use development. In terms of design, multi-level developments typically have industrial uses at grade, with a mezzanine, one or two floors of underground parking, and multiple floors of offices above. Functional building features unique to industrial tenants include: loading bays, cargo elevators, wide corridors, high ceilings, adequate column spacing, and floors with load-bearing capacity. Providing usable industrial space on an upper floor is more challenging. Unit sizes are small by industrial standards (e.g., 2,000 to 5,000 square feet), with a high percentage of mezzanine area.

These buildings are considerably more complex to design and more expensive to construct than single-level structures and, with more common areas, are less efficient. Higher

rents or sale values are required to support these extra costs, with many of the projects pre-sold as strata (condominium) tenure.

PLANNING POLICY CHANGES

In 2013, the City of Vancouver led an amendment to the Mount Pleasant I-1 zone,³ allowing up to 2.0 Floor Area Ratio (FAR) of general office uses, provided that 1.0 FAR of industrial use is built, for a total of 3.0 FAR. The stated intent of the change was to "maintain the historic, production, distribution, and repair role of the area while unlocking additional capacity for office space."⁴ The zone attempts to accommodate multi-level industrial and other employment uses in an urban area, while recognizing that, along with changes in built form, business types are also changing.

A city staff report in 2016 noted that the changes have expanded the range and intensity of innovation economy users including digital, interactive and entertainment uses, creative uses, and breweries, all adding to the interest and energy of the area. Industrial space guidelines⁵ were introduced in 2017 and include a requirement that the ground

floor be functionally designed for industrial businesses, such as minimum ceiling heights (18 or 20 feet) and loading facilities, and that mezzanines be no greater than 30% of the industrial ground floor.

DEVELOPMENT CONSIDERATIONS

The I-1 zone states its intent as permitting light industrial uses, advanced technology industry, and research and development activities, while also allowing "commercial uses, including office and retail uses." The bylaw provisions and strong market demand for office space has triggered a rush of interest in multi-level buildings with a mix of light industrial and commercial uses.

As noted by one market report at the time, in an 'innovation economy' the evolving nature of what the City considers industrial was demonstrated with the zoning changes.⁶ This, it is suggested, has opened the door to erosion of traditional industrial activity in favour of more desktop-focused businesses. Notably, the area's businesses have a 'non-corporate' culture compared with office towers in the downtown, and the buildings offer attributes that are not typically available in conventional office

buildings such as laboratories, testing, and prototyping facilities. Technology businesses have a desire for these urban locations and features, along with a Vancouver address.

THE RESULTS

While still zoned industrial, the bylaw changes have allowed for additional non-industrial space. The ensuing proliferation of technology tenants, office-density employment, and commercial level values have markedly changed the character of Mount Pleasant.

The regional government authority has noted that some commercial and accessory uses can be supportive of industry, yet excessive additional office or retail space can destabilize established industrial areas through higher values and land speculation, increased property taxes, and land use conflicts.⁷

Mount Pleasant land values increased 50% over the 2012 to 2016 period, causing many industrial owners to sell, develop,



Ground floor interior of HOUSS, designed to functionally support industrial uses.



Nickel project on West 5th Avenue (by PC Urban).



The Nickel project accommodates industrial on the ground floor with office uses for a software developer on the upper floors.

or close. The tension between planning objectives and market forces continues.

PROFILES OF EXAMPLE PROJECTS

Most development projects market Mount Pleasant's accessibility, transit service, bike routes, and amenities, including coffee shops and breweries, along with mountain views. Described as a creative hub, references to 'industrial' in marketing material are few. The emphasis is on creative or light industries, emerging technology, urban manufacturing, flex space, and entrepreneurs, for businesses intending to attract a young talented workforce.

Two notable projects are profiled below, designed as light industrial units at grade with office space on the upper levels under the City of Vancouver's I-1 zone.

'HOUSS'

The five-level, 52,700-square-foot building includes three light industrial units, totalling 8,000 square feet. Additional density, up to 3.1 FAR, was achieved through the renovation of a heritage house onsite, intended as a restaurant.

Given the site's slope, truck access from the lane is through the below-grade parking level, with three loading bays and two elevators. The industrial units have 24-foot

high ceilings, 250-pound per square foot load bearing capacity, and a second floor mezzanine. There are three floors of office space above and two floors of underground parking below.

The building is strata tenure, and multiple industrial units have been purchased by a company that designs and builds electrical utility sensors. The office space has attracted interest from a variety of sectors including technology, education, medical, and professional services.

'Nickel'

The four-level, 71,000-square-foot building has two levels of underground parking, along with bike parking and end-of-trip facilities, with a total density of 3.0 FAR. The 24,000-square-foot light industrial level has 125-pound-per-square foot load-bearing floors, 19-foot clear ceilings with a built-in mezzanine, with truck loading access via two bays at the lane. Of the industrial density, the mezzanine represents 41% of the floor area.

The ground floor is occupied by two light industrial tenants, namely an electric bicycle assembly and service shop, and a vegan food manufacturer. The upper three floors are devoted to office space, occupied by a video game software developer. The building is lease tenure.

CONSIDERATIONS FOR PLANNERS

Municipalities should recognize new industrial uses and structures while not discarding historic forms of industry. A primary policy consideration is how regulations permit various types of industrial business models without allowing too wide a range of employment and commercial uses. Noting that planning objectives and market dynamics differ by location and community, the way industry is defined and measured should also be nuanced and responsive.

While some industrial sectors will continue to be land-intensive, new forms may be housed in multi-level buildings. As a further consideration, although multi-level buildings can provide more industrial floor space, they can diminish the amount of land available for larger format industrial users.

The unique experiences and lessons of Vancouver's Mount Pleasant district should be considered as industrial densification becomes more common elsewhere. The challenge and opportunity for planners and developers is how to densify industrial uses without compromising the fundamental industrial nature of the lands.

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ENDNOTES

- ¹ www.metrovancouver.org/services/regional-planning/industrial-lands/regional-strategy
- ² For more background and information about the district, see <https://vancouver.ca/home-property-development/mount-pleasant-industrial-area.aspx>
- ³ <https://bylaws.vancouver.ca/zoning/zoning-by-law-district-schedule-i-1.pdf>
- ⁴ <https://council.vancouver.ca/20161213/documents/p3.pdf>
- ⁵ <https://bylaws.vancouver.ca/bulletin/M003.pdf>
- ⁶ www.avisonyoung.ca/documents/95750/1691318/VancouverIndustrialReport_Fall2017.pdf
- ⁷ www.metrovancouver.org/services/regional-planning/PlanningPublications/StratificationofIndustrialLandinMetroVancouver-Sep2018.pdf ■